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**DBP LENDING FOR RURAL
ENERGY SERVICES**

Village Power 2000

5-6 December 2000

**World Bank Lewis Preston Auditorium
Washington, D.C.**

By

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Premier government development bank

- * 100% owned by Philippine Government
- * Sourced own funds/not dependent on budgetary appropriations
- * Conduit of ODAs (WB/ADB/OECF/KFW, etc.)

Wholesale and Retail Lending Operations – 52:48 Ratio

- * Network of 139 PFIs and 76 Branches

Financials (Billion)

2000
(As of September)

- | | |
|---------------------|---------|
| * Total Resources | PhP 158 |
| * Networth | PhP 15 |
| * Net Loan Porfolio | PhP 87 |

Ranking of DBP among Universal/Commercial Banks

Total Assets	#7	Total Borrowings	#1
Total Loans	#5	Total Capital	#5
Total Deposits	#17		



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DBP Strategic Lending Thrusts 2000

- ✿ Industrial Activities – SMEs and Export oriented
- ✿ Agriculture – Productivity Improvement and Food Security
- ✿ Transportation and Communications
- ✿ **Power and Energy**
- ✿ Healthcare and Education
- ✿ Livelihood/Poverty Alleviation



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Loans to the Energy Sector

	No. of Borrowers		Amount
	Conventional Energy	Renewable Energy	
Wholesale	11	3	4,706
Retail			
Regular	9	1	8,171
Facilities	11	6	358
Window III			
Total	31	10	13,235



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Fund Sources

Foreign

OECF

JEXIM

IBRD

✧ Industrial Restructuring Project (IRP)

✧ Industrial Investment Project (IICP)

USAID, WB & ADB

✧ Industrial Guarantee & Loan Fund



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Fund Sources

Local

SSS

LBP

DBP Funds

Regular (Deposits)

Window III



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The Power Crisis: DBP Rises to the Challenge Power Generation

DBP Funded Energy Projects Retail Loans

- ✧ 241.5 MW Bunker Fuel Fired Power Plant for the Luzon Grid
- ✧ 1 MW Bunker-C Fuel Power Station at the People's Technology Complex in Cavite
- ✧ 18.9 MW Diesel-fired Power Station in Cagayan de Oro
- ✧ 98 MW Diesel-fired Power Plant in Iligan City
- ✧ 1,000 MW Natural Gas-fired combined cycle plant in Sta. Rita Batangas
- ✧ 50 MW Bunker-C fired plant with desulfurization facility in Sarangani, South Cotabato
- ✧ 100 MW Bunker-C fired plant with desulfurization facility in Zamboanga City



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Power Distribution

**MERALCO's Additional Substation
Capacity/Upgrading of Subtransmission Line
and Distribution System**

**Rural Electric Cooperatives (RECs) –
Upgrading and Systems Loss Reduction
under Window III Credit Facility**

**BATELEC II
PANELCO
MORESCO
FIBECO
ZAMELCO
SOCOTECO**

**ASELCO
SURNECO
OMECO
DANECO
NORECO II**



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Other

**Power Generating
Equipment Trading**
(generators, battery transformer)



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Emerging Trends: DBP Keeps up with the Times



- ✧ Focus is no longer just on energy self-sufficiency
- ✧ **Environmental protection and sustainable development** are now the key themes
- ✧ Government's main thrust: empowerment of the masses
- ✧ Promotion of **new and renewable energy and energy efficient technologies** as a cornerstone of current energy policy



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DBP Financing NREs

Window III Retail Lending Facility

- ✧ **BURIAS 100 Solar PV Home Systems**
- ✧ **BELANCE 100 Solar PV Home Systems**
- ✧ **1.5 MW Matling Minihydro Plant**
- ✧ **960 kW Bicol HydroPower Mini Hydro**
- ✧ **Industron Co-Generation Project (Municipal wastes)**

Loan Syndication with other private banks

- ✧ **13 MW HEDCOR Minihydro**

Wholesale Loans thru PFIs

- ✧ **Bio Gas Project**
- ✧ **Mini-Hydro Projects**



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DBP – Window III Lending Operations

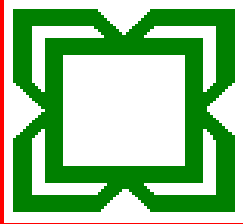
Heart and Soul of DBP Lending Operations

- ✧ **Finances Projects that facilitate the delivery of basic services which DBP defines as strategic and critical for they influence the rate and trend of developments**

Started in 1989 with Solar PV Project in Burias Island

Fund Sources

- ✧ **Allocation of up to 30% of DBP's Annual Net Profit**
- ✧ **ODA Funds**



DBP – FINESSE PROJECT

UNDP Technical Assistance Grant to DBP
funded by the Netherlands Government

Main Objective: To develop and strengthen DBP's technical capability to evaluate and manage NREs for financing

Development Objective: To promote the utilization of NREs by encouraging greater private sector investment and participation

Project Duration: December 1997 – June 30, 2001

Quantitative Outputs

- * Generation of Project Pipeline
- * Adoption of Lending Guidelines and Operating Procedures for NRE financing within DBP's Credit Policies
- * Establishment of Revolving Fund for Project Preparation



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Project Preparation Revolving Fund (PPRF)

MAIN OBJECTIVE

To encourage the development of high-quality, bankable new and renewable energy projects by providing financial support for the **identification, design, and packaging of **project proposals** for financing.**



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Project Preparation Revolving Fund (PPRF)

ELIGIBLE LOAN PURPOSES

- ✧ **Detailed feasibility study**
- ✧ **Business plan development**
- ✧ **Environmental impact assessment**

FUND SOURCE

**The Netherlands government and
OPEC through UNDP-New York**



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DBP's New & Renewable Energy Financing Program (NREFP)

MAIN OBJECTIVE

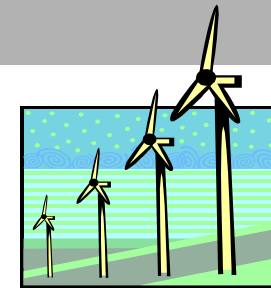
To provide financial support to project developers and end-users in line with government's rural electrification and socio-economic development program areas where the generation of power using NRE technologies is proven as a viable alternative to conventional systems



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TECHNOLOGIES COVERED BY NREFP

Solar



Wind



Hydro



Biomass



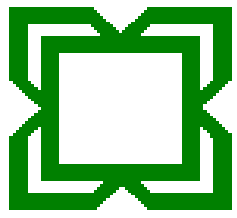
**Solar PV
for
Telecoms**



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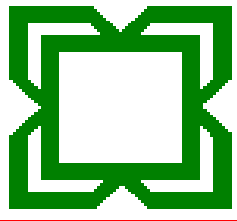
Fund Sources

- ✧ **Applicable ODA funds such as EISCP II, JEXIM IV, KFW-IPCLP, Other**
- ✧ **DBP funds for projects/project components which cannot be accommodated under existing ODA funds**



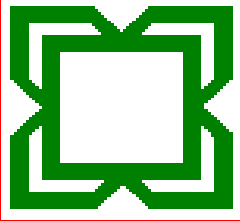
NRE PROJECT PIPELINE

PROJECT SITE	TYPE	PROJECT PROPONENT	SIZE/ CAPACITY	STATUS
A. PPRF				
1. ROMBLON	Mini-Hydro	ROMELCO	900 KW	<ul style="list-style-type: none">➤ Loan from PPRF approved by DBP in May 2000.➤ Implementation to begin pending NEA's endorsement of ROMELCO's collateral
2. DINAGAT ISLAND, SURIGAO DEL NORTE	Mini-Hydro	LGU	500 kW	<ul style="list-style-type: none">➤ Loan from PPRF approved by DBP in March 2000;➤ Detailed FS completed in October;➤ Packaging of main loan to start after submission of requirements by LGU.



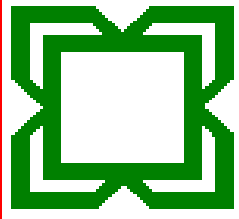
NRE PROJECT PIPELINE

PROJECT SITE	TYPE	PROJECT PROPONENT	STATUS
B. NREFP			
1. PALAWAN	Solar PV	Provincial LGU	<ul style="list-style-type: none">➤ Loan approved by DBP in March 2000;➤ For implementation;➤ Collateral arrangements being re-negotiated with PGP.
2. REAL QUEZON (UPPER KINANLIMAN RIVER)	Mini-hydro	Consortium made up of LGU and several private groups	<ul style="list-style-type: none">➤ DFS is ongoing➤ DBP financing to be tapped for main project which will commence sometime late 2000



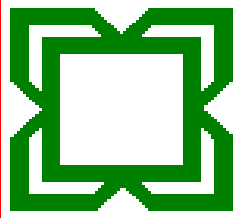
NRE PROJECT PIPELINE

PROJECT SITE	TYPE	PROJECT PROPONENT	STATUS
3. METRO MANILA	Solar Thermal	Edwards Marcs	<ul style="list-style-type: none">➤ Loan application being processed;➤ DBP awaiting additional requirements
4. METRO MANILA	Solar Thermal	Solahart	<ul style="list-style-type: none">➤ Loan application being processed;➤ DBP awaiting additional requirements



NRE PROJECT PIPELINE

PROJECT SITE	TYPE	PROJECT PROPONENT	STATUS
5. MURCIA, NEGROS OCCIDENTAL	PV for Telecoms	PLDT	<ul style="list-style-type: none">➤ Proposal for PLDT management's approval➤ Awaiting loan application from PLDT
6. NEGROS OCC.	Bagasse Co-Gen	First Farmers Power Corporation (Joint Venture Company)	<ul style="list-style-type: none">➤ FS Submitted for evaluation



NRE PROJECT PIPELINE

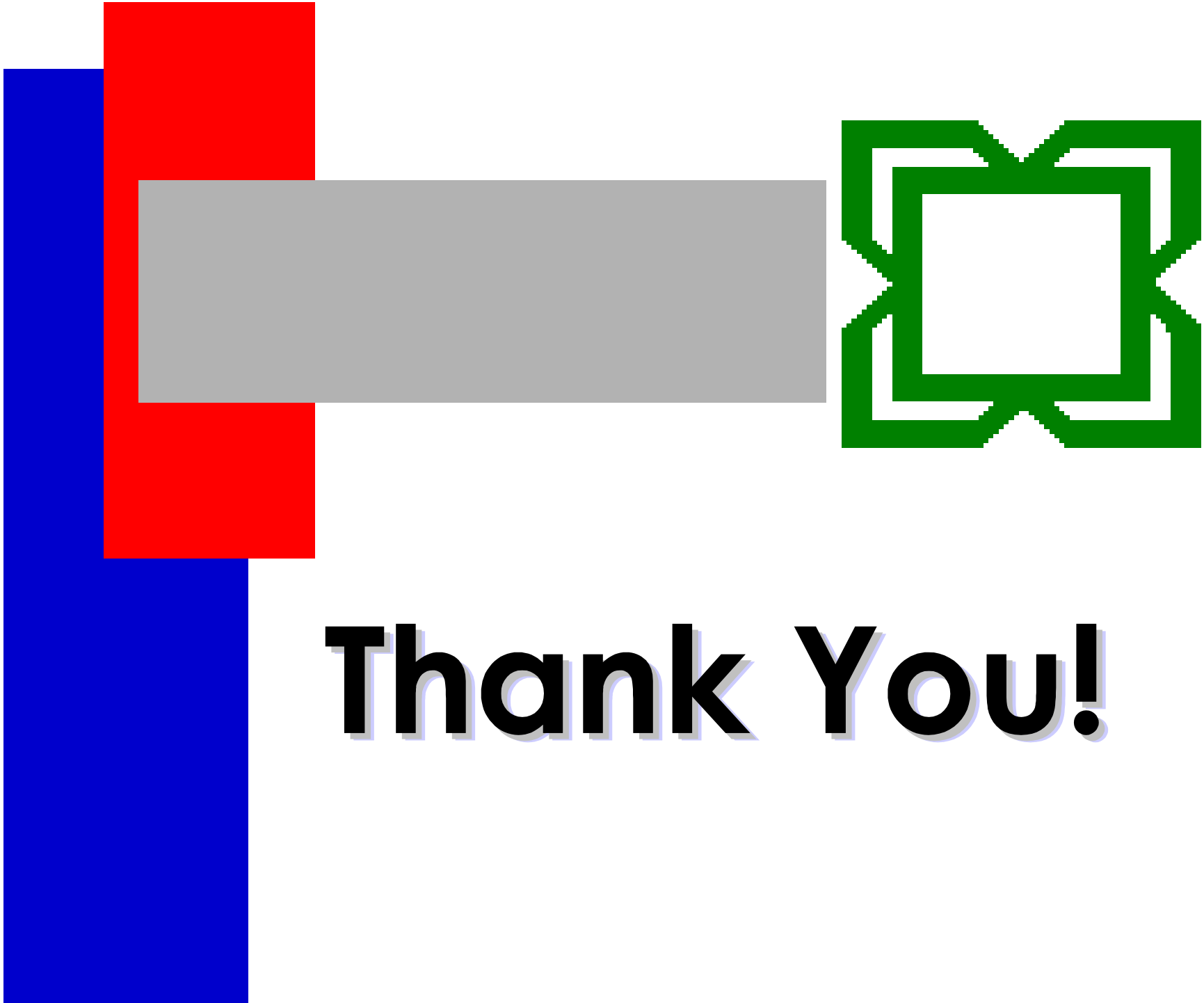
PROJECT SITE	TYPE	PROJECT PROPONENT	STATUS
7. BUKIDNON	Mini-Hydro	Bubunawan Power Company	<ul style="list-style-type: none">➤ BPC revived its loan originally submitted in 1998 and withdrawn in July 1999.➤ Loan application being processed;



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DBP Environmental Policy Statement

"The DBP, in its, developmental mission and initiatives, is committed to environmental protection and sustainable development and shall integrate and implement environmental considerations into all aspects of its operations and services, asset management, and business decisions."



Thank You!